DOCUMENT RESUME

ED 399 349 CE 072 342

TITLE	The Insurance Educator. Volume V.
INSTITUTION	Insurance Education Foundation, Indianapolis, IN.
PUB DATE	96
NOTE	18p.
PUB TYPE	Collected Works - Serials (022) -- Viewpoints (Opinion/Position Papers, Essays, etc.) (120)
JOURNAL CIT	Insurance Educator; v5 n1-2 Jan-Sep 1996
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Business; Careers; Distributive Education; Driver Education; Insurance; *Insurance Companies; *Insurance Occupations; Occupational Information; Risk Management; Sales Occupations; Vocational Education

ABSTRACT

These two issues of a semiannual newsletter provide secondary educators with a greater knowledge of insurance, access to teaching materials, and insurance career information for students. Articles in the first issue are as follows: "Public Relations: Just What Do Those People Do?" (Patricia Hillis); "How U.S. Compares with Other Nations on Radar Detectors: Survey Shows Few Other Countries with Permissive Policies on Detector Use"; "Teen Drivers and Automobile Insurance: Where the Auto Insurance Premium Dollar Goes" (Sean F. Mooney); "Sharing the Road: A Matter of Adopting the Right Attitude and Strategy to Share the Highway Safely with Trucks" (Tom Wetzel); and "Records: What to Keep, for How Long." A classroom resources section lists annotations of three booklets. Issue two includes the following: "Your Financial Safety Net"; an insurance crossword puzzle; "Teen Drivers and Automobile Insurance: Driving a Used-Car Bargain Means More than Kicking a Few Tires"; Insurance Education Foundation News; "Auto Safety: It's Not Child's Play" (Paul Schattenberg); and "A Success Tale in Two Cities." A list of insurance terms and their definitions is included at the end of the article. A classroom resources section lists annotations of a video and two booklets. Each article offers a suggestion for its use by the educator or students. (YLB)

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ED 399 349

The Insurance Educator

Volume V

Insurance Education Foundation

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The Insurance Educator

Volume V, Number 1 — January 1996

The purpose of this semi-annual newsletter is to provide secondary educators with a greater knowledge of insurance, access to teaching materials, and insurance career information for students. This publication is available free of charge to secondary educators who teach insurance in any subject. Please share it with colleagues.

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Insurance Careers

Public Relations: Just What Do Those People Do?

By Patricia Hillis
Assistant Vice President, Corporate Communications
SAFECO Insurance Companies
Seattle, Washington

Teachers may want to copy and distribute this article to students and share it with the school library or careers resource center.

The day the Northridge earthquake struck in California was a holiday for employees of the giant SAFECO Insurance Cos., but by 8 a.m. several members of the public relations staff in Seattle were on the job, collecting and verifying catastrophe information, publicizing the company's emergency phone numbers, responding to media inquiries, sending out news releases which told people where to report their claims and how to protect their property from further damage, and checking out community relations opportunities.

Many insurance companies have public relations departments, and those jobs can be very different from other careers in the industry. Most people in P.R. like it for its variety, fast pace, customer service focus, opportunity to help out in their communities, and because they like to write. Most thrive on its fast pace, snap decisions, and crisis-mode atmosphere.

The charge of the public relations department is to contribute to the corporation's profitability through community relations, communications, activities and strategies that inform, educate and affect the opinion of key audiences.

Our department at SAFECO has professional communicators, community relations representatives, and contributions staff. All have college degrees, and the communications staff members all were communications, public relations or journalism majors. We place a high value on creativity, innovation and unquenchable curiosity! No getting in a rut here! We need to look at new and effective ways of approaching our many publics, and new and creative programs. We have to anticipate the value of the Internet to our business and blend that with the value of a good, old-fashioned news release.

If you were to join our department (depending on the job you were hired for), you would be a skilled writer, planner, project manager and problem solver. You would be very interested in what is going on in your city, community, country and the insurance industry. You would be issues oriented and a strategic planner; you would be aware of community needs; you would be crisis oriented; you would be a good listener and speaker, and your knowl-

(continued on page 3)

IEF News

Message from the President-Elect

Dear Educator:

Just a few weeks ago, I was winding down a 33-year career in insurance as President of the Indiana Lumbermens Insurance Company in Indianapolis. Our organization has been a contributing member of the Insurance Education Foundation since IEF's inception in 1988, and I am acquainted with the IEF staff and several board members. We contribute to the Foundation because we believe in its mission. During the past seven years, that belief has grown stronger because we have witnessed the reaction of educators across the nation to IEF's mission to improve the public understanding of insurance through education of teachers and students.

Now I eagerly assume a new challenge. During the Foundation's Annual Meeting in February, I will be elected as IEF's new president—a position I am proud to accept. I will work with IEF's staff to do everything we can to help teenagers begin to understand how to deal with the complexities of risk management when they become insurance consumers. Working through teachers, we make that happen. IEF's summer workshops, this newsletter and the Choice-Chance-Control kit are available to any secondary educator who teaches insurance to teenagers. Help us spread this message to your colleagues by sharing *The Insurance Educator*.

Your comments and suggestions are always welcome.

Sincerely,

Robert L. Harrison

Robert L. Harrison
IEF President-Elect

edge would be broad-based, from legislative to social concerns to insurance topics. You would work well as part of a team or individually, and your day could swing from the quiet creation of a brochure to the hectic pace of a major catastrophe or disaster.

You might evaluate needs in the community for grant-making activities, help our employees create, develop and implement special projects for their own communities, or represent our company in the community.

Informed employees are especially valuable to any organization, and if you were on our staff, you would keep them informed through our bimonthly newsletter, through a quarterly video news show, through an electronic mail "newspaper" containing abstracts of insurance stories that appeared in the previous day's press— nationwide. You would produce a newsletter that educates employees about political or insurance issues that affect our company or our business, and you would write news releases about employee promotions, products, services, or consumer information. You would write special messages to our policyholders, set up media campaigns to combat a problem (like arson) or write consumer information brochures. All this means you would have to be an accurate, careful, concise writer, with a top-notch grasp of grammar, and maybe even an eye toward design of printed material.

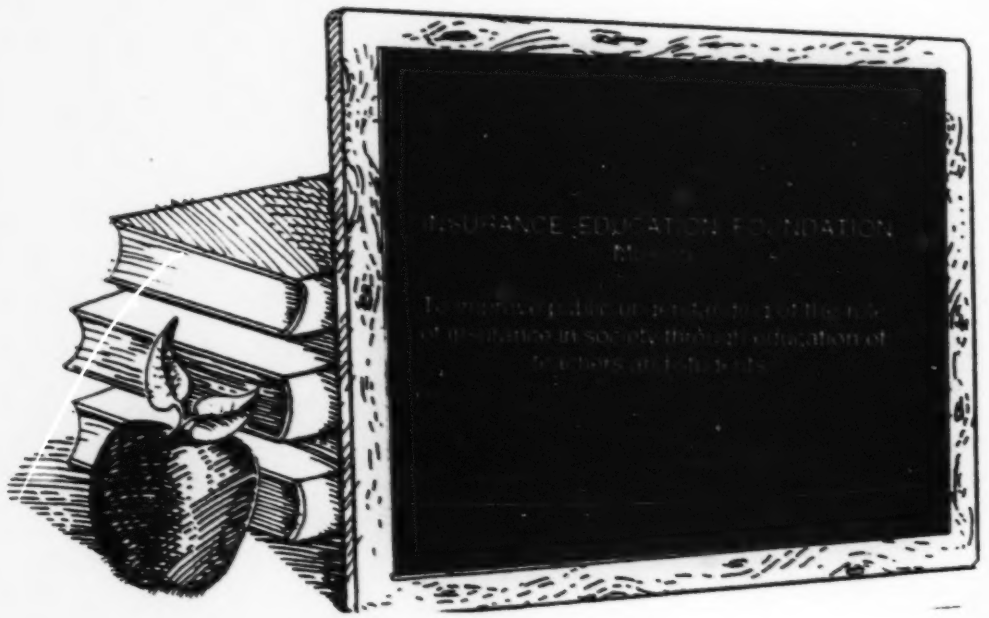
You often would be a contact with our policyholders and customers, particularly those who have problems. You would have to care about them and be determined to help them cheerfully, quickly and efficiently.

You would respond to calls from the media, friendly and hostile, and set up interviews with our executives. You would help create communications strategies for telling our company's side of an issue or event.

As a P.R. person, you are expected to be aware of the issues in our cities and neighborhoods and to contribute ideas to solve or address them. You would create special projects to do just that. For example, you might decide to invest money to help make a neighborhood safer by cleaning it up, reducing crime and getting the residents involved in block watches. All this makes it a more attractive neighborhood for your company to insure.

You would receive requests for funding from nonprofit agencies and you would have to evaluate each grant to see if the money would be put to good use. You would also look for opportunities to make contributions in the community. For instance, during every major insurance catastrophe in the country, you would seek out agencies that are helping victims and make grants directed toward those efforts. This means you have to have initiative and know how and where to find the information that leads you to the right agencies.

Being in public relations for the insurance industry is a little like driving bumper cars—you never really have all that much control over your own vehicle, and you never know what's going to hit you—or from which direction. But for those in the profession, it is a stimulating and exciting arena, alternating between fast-paced crisis situations and well-planned and executed programs.



Insurance Trends

How U.S. Compares with Other Nations on Radar Detectors: Survey Shows Few Other Countries with Permissive Policies on Detector Use

Reprinted with permission from the Insurance Institute for Highway Safety Status Reports, Vol. 29, No. 4, March 19, 1994

Teachers may want to refer to this information in response to students' questions about the use of radar detectors.

A survey of 21 nations finds only seven that allow car drivers to use radar detectors in some or all jurisdictions, and the United States is one of the seven. Detector use is allowed in five Canadian provinces, but it is banned in the other five and in the territories. Fourteen of the 21 countries imposed universal bans on these devices.

Radar detector use in passenger cars is banned in only two U.S. jurisdictions—Virginia and the District of Columbia. It's also banned nationwide in commercial vehicles involved in interstate commerce, following a federal regulation issued last in 1993. But radar detector use is still allowed in passenger cars traveling in the other 49 states.

"Banning radar detectors in commercial vehicles is a good first step," says Insurance Institute for Highway Safety President Brian O'Neill. "But it doesn't address use of these devices in cars—a practice that contributes to higher travel speeds, as Institute research has repeatedly shown."

The problem in the United States is that the federal government cannot ban detector use in cars. Such bans have to be imposed state by state, like safety belt and motorcycle helmet use laws. A federal ban is possible in commercial vehicles involved in interstate commerce because these vehicles are federally regulated.

In most other countries, it is illegal to sell as well as use radar detectors. Fines for violations can be as steep as thousands of dollars, and the prohibited devices may be confiscated. Punishment may be even tougher in France; a vehicle may be seized if a radar detector is found.

Country	Radar Detector Use Allowed In Cars?	Penalties for Offenses		Maximum Speed Limit
		Maximum Fine*	Confiscation Possible?***	
Australia	no	varies**	yes	68 mph
Canada				
British Columbia	yes	n/a	n/a	68 mph
Ontario	no	$774	yes	62 mph
Quebec	no	$155	yes	62 mph
France	no	—	yes***	81 mph
Germany	no	varies**	yes	81 mph****
Great Britain	no	$3,120	yes	70 mph
Japan	yes	n/a	n/a	62 mph
Spain	yes	n/a	n/a	62 mph
Sweden	no	$161	yes	68 mph
Switzerland	no	—	yes	74 mph
United States	yes*****	n/a	n/a	65 mph

* Fines are for first offenses. Dollar amounts reflect Feb. 28, 1994 exchange rates.

** Fines in Australia vary among states. Fines in Germany are tied to income.

*** Confiscation refers to seizure of radar detectors, except in France, where a vehicle may be seized.

**** No speed limits are posted on many segments of Germany's autobahns.

***** Radar detector use is banned in cars only in Virginia and the District of Columbia.

Dashes (—) indicate information isn't available.

Where detector use isn't banned, n/a indicates information isn't applicable.

Teen Drivers & Automobile Insurance

Where the Auto Insurance Premium Dollar Goes

By Sean F. Mooney, Ph.D., CPCU
Senior Vice President and Economist
Insurance Information Institute

Because the question, "Why are my auto insurance premiums so high?" is so prevalent, teachers may want to share this information in the classroom and send a copy home to parents.

In 1993, claims accounted for $79 of every $100 collected for private passenger auto insurance in the United States. For every $100 of revenue, including investment income, claims accounted for $71.

Expenses—commissions, state premium taxes, and general expenses—accounted for 24 percent of the premium dollar.

Investments added $11 to income. Federal taxes took about one-third of pre-tax income, so the bottom line worked out to $5 after-tax profit for every $100 in premiums, as follows:

Premium	$100
Investment Gain	+11
Total Revenues	$111
Claims & Expenses	-103
Pre-Tax Income	8
Federal Taxes*	-3
After-Tax Income	$5

*Based on 35 percent corporate tax rate

The $5 profit on $100 of premium translates to a 6.5 percent rate on capital (surplus)—lower than yields on long-term U.S. corporate bonds. (This calculation assumes that capital is allocated to each line on the basis of premium volume.)

Of note, lawyers' fees account for $12 out of $100, comprising $6 to plaintiffs' attorneys and $6 to defendants' attorneys. The $6 to plaintiffs' attorneys is taken mainly out of the "pain and suffering and other non-economic awards" category. Plaintiffs' attorneys are typically paid on a contingency fee basis. Estimated at 10 percent, claims fraud, including bogus medical bills and illegal chop shop operations, affects each part of the claim dollar.

The charts below show the data in graphic form. Chart I shows where the revenue dollar (premiums and investment income) comes from, and Chart II shows where the revenue dollar goes in terms of claims, expenses and taxes and after-tax profits.

CHART I
Where the Revenue Dollar Comes From (Private passenger Auto Insurance)

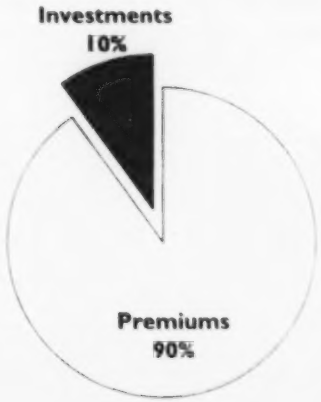
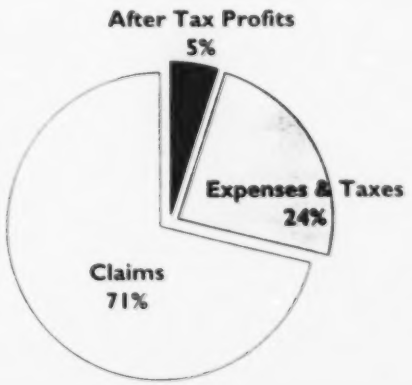


CHART II
Where the Revenue Dollar goes (Private passenger Auto Insurance)



Attention Teachers!

An article in the May 1995 issue of* Reader's Digest *entitled "Getting the Best Deal on Car Insurance" explains several things consumers can do to reduce the cost of automobile insurance. This information would be helpful during your classroom discussion on the topic of premium rates.

Special Feature

Sharing the Road: A Matter of Adopting the Right Attitude and Strategy to Share the Highway Safely with Trucks

By Tom Wetzel
John Deere Transportation Services
Brookfield, Wisconsin

ATTENTION Driver Education Teachers: See Classroom Resources on page 8 of this newsletter.

Ever wonder why truckers hog the middle lane? Are drivers in passenger vehicles safe around big rigs? What is lumping? Aren't truck drivers heavy drug and alcohol users? Questions like these have prompted one company that insures long-haul trucks to launch a major nationwide campaign to help motorists understand ways to share the road more safely with trucks.

John Deere Transportation Services is developing a primer on what every motorist must know about how to share the road safely with trucks, and the company will propose that it be adopted for use by all states. Beginning in March 1996, a series of blind-spot demonstrations will be held in cities and towns across the country. One demonstration has been scheduled for driver education teachers attending the annual convention of the American Driver & Traffic Safety Education Association during August in Grand Junction, Colorado.

"Our nation needs to do a far better job of educating motorists, particularly young people, about trucks and how to drive with them safely on the road," says David Webb, executive vice president at John Deere Transportation. "We want to work closely with driver educators across the country, and the ones we've talked to are enthusiastic about the campaign."

For more information on how to schedule a blind-spot demonstration in your area, call the John Deere Hotline at 1-800-672-8666.

Where to Go for Information

If you need insurance information or want to report insurance fraud, call these numbers:

National Insurance Consumer Helpline
800/942-4242

Report the Ripoff Insurance Crime Line
800/835-6422

Insurance Information Institute

Insurance Information Institute Hotline
800/331-9146

Lessons for the Teacher

Records: What to Keep, for How Long

Reprinted from "Your Financial Fitness" with permission from the National Association of Life Underwriters

Teachers may want to duplicate this information for students' reference or use it for background knowledge when discussing with students how life insurance products must fit the need of individual consumers.

Are you drowning in a sea of paper? Worrying about what you must keep, and for how long?

The first step in getting organized is knowing what to throw out. Most of us don't know what we can toss, so we keep too much. Then we can't find anything.

If this sounds familiar, the following guidelines will help to tame the paper monster:

As a first rule of thumb, keep papers you will need to document facts for as long as those facts might be questioned.

In the case of tax-related matters (the root of most record-keeping), this means keeping substantiating documents for deductions like medical expenses or casualty losses for at least three years after filing the return. Anything backing up a deduction taken on your 1994 tax return, filed in 1995, must therefore be kept until 1998. This is the usual audit period for federal income tax returns. But your state may have different rules, and all bets are off (on both federal and state levels) if you've seriously under-reported income.

Documents substantiating long-term tax claims must be kept almost indefinitely- -or, at least, until three years have elapsed after the return filed for the year the asset was sold. Items in this category include buy and sell documents on securities, and records on a home purchase and home improvements. Receipts for home improvements and renovations can increase the "cost basis" of your house and thereby reduce the taxable gain, saving considerable sums when you sell.

But there are things you can throw out: Telephone and utility bills aren't needed once the next statement reports your payment in full (unless you run a business from home and need the bills to back up tax deductions). Credit card statements and department store bills may be discarded as soon as your payment has been accurately recorded and you're sure there is no problem with the product you purchased. Mutual fund activity statements may be tossed after you receive a quarterly summary of all account activity.

It isn't even necessary to keep every canceled check you ever wrote. Try this: As you balance your bank statement each month, file tax-related checks by appropriate categories- -medical expenses, for example, or charitable contributions. Then the rest can be discarded in an annual year-end house cleaning, along with expired warranties and out-of-date appliance instructions.

Where to keep things? Use a safe-deposit box or fireproof box for papers that are extremely valuable or difficult to replace, such as birth and marriage certificates, deeds, titles and securities. An accordion file, with a pocket for each month or category, is a good place for current papers. And old tax returns, along with the documentation for those returns, can be tucked away in an out-of-the-way but accessible closet. Make a note of what you've put where, and keep a list at home of everything in your safe-deposit box.

Classroom Resources

The following three booklets (35 plus pages each) are available from the Independent Insurance Agents of America, 127 South Peyton Street, Alexandria, VA 22314: **The Consumer's Guide to Homeowners Insurance. The Consumer's Guide to Auto Insurance,** and **The Graduate's Independent Guide to Insurance.** One copy per teacher.

Growing Toward the Future (12-page brochure): tips for making wise consumer decisions about homeowner, life and auto insurance. Write for free copy on school letterhead to: The Horace Mann Companies, Attention: Dr. Janis Grace, One Horace Mann Plaza, Springfield, IL 62715.

Sharing the Road (45-page book) explains how the trucking industry works, safety issues, etc. Available from John Deere Insurance. Request a copy by calling the JOHN DEERE HOTLINE at 1-800-672-8666.

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The Insurance Educator

Volume V, Number II — September 1996

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Lessons for the Teacher

Your Financial Safety Net

Reprinted from "Your Financial Fitness" with permission from the National Association of Life Underwriters

This financial information may be too advanced for younger high school students but is included here for your benefit and as background knowledge when discussing with students the options they will be considering to protect their future assets .

Want to be safe and sound, no matter what happens? Build adequate cash reserves as a base for your financial house, then buttress that foundation with insurance.

Cash reserves should be both liquid and accessible so that they can serve as your emergency cushion—the life raft you need to meet unexpected expenses. If you are laid off from your job, or your car needs engine work, this is the money that can pay the bills.

What's both liquid and accessible? Savings accounts, checking accounts and money market mutual funds keep cash totally liquid although the trade off may be a low rate of interest. You may do a bit better in certificates of deposit, although you will probably face penalties if you must withdraw money before maturity. Another alternative is short-term bond funds, although withdrawals are actually sales and may generate a tax liability.

Insurance is the second essential strand in your financial safety net. Consider:

- Disability income insurance to replace income lost if you are unable to work for a long period of time because of extended illness or injury. As important as life insurance, yet often over looked, disability income insurance should be part of every wage earner's protection plan.
- Life insurance protects people dependent on you from loss of income after your death.

Term insurance, which is life insurance with no savings element, is less expensive at younger ages and may be a good way for young parents to buy the large amount of

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insurance protection they need. But premiums for term insurance go up each year.

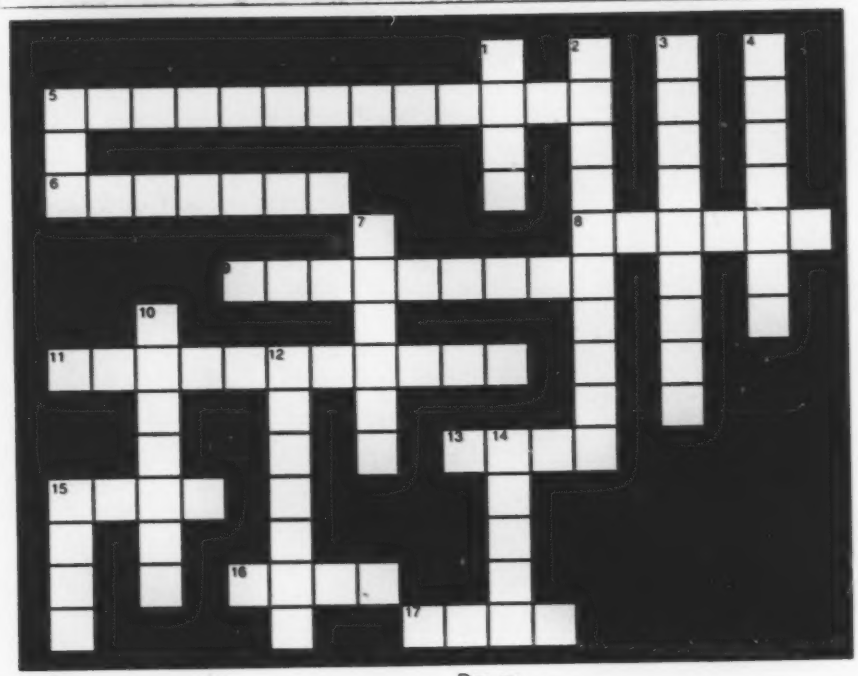
Permanent or whole life insurance has a fixed premium which does not change with age. This makes it more expensive for younger people, but you do get more for your money: accumulating cash values, which can be tapped if you need the money; and the potential of meeting estate taxes that may be due at death. Variable life and universal life are flexible versions of whole life insurance that may also meet your needs. Your agent can help you decide what's best for you.

- Property insurance can protect your home and belongings from loss caused by theft, fire, and a host of other hurtful events.

In buying homeowners insurance, consider replacement cost coverage for both home and contents; without it, you'll receive only the depreciated value of your property and may find it very expensive to replace either your house or your furniture. Consider flood and earthquake coverage, which must be purchased separately, if there is any chance your region is vulnerable to these disasters. And, if new zoning or building codes are in force since your house was built, you may also want to consider a special policy rider that would cover the higher cost of rebuilding to meet the new standards.

Attention Teachers:

Can you use an extra insurance crossword puzzle? Use this as a review of terminology before your next quiz. Add more interest by timing students as they complete the puzzle.



Across

5. Pays for fire loss to auto
6. Price of policy
8. Stop policy
9. Most expensive life insurance type
11. Recipient of face value of life insurance
13. Amount of policy
15. Common hazard to property often insured against
16. Time period of policy
17. Amount per class

Down:

1. Kind of insurance that pays at death
2. First dollars paid by policy owner
3. Insurance protects against ____ loss
4. You buy insurance to ____ yourself or others
5. Files a report after an auto accident
7. Insurance contract
10. Person covered by insurance policy
12. Being ____ can save you money
14. A person who sells insurance
15. Amount received by the beneficiary of a life insurance policy

Obey the speed limit and avoid speeding tickets to save gas, tires, wear and tear.

Teen Drivers & Automobile Insurance

Driving a used-car bargain means more than kicking a few tires.

Reprinted with permission from **Under 25 Magazine**. Spring 1996
USAA, San Antonio, Texas

Teachers may want to use this information when students are learning that the cost of automobile insurance premiums can be reduced by purchasing a used rather than a new automobile.

After careful budgeting and frugal spending throughout high school, Mary Oliveri finally has enough money to buy her very own car. A new car is out of the question; she certainly can't afford one—at least, not yet. And since saving the money has been a challenge for her, she wants to reward herself with the best used car she can find—and she can afford.

Mary is one of the many young adults longing for the independence that cars of their own will give them. Throughout high school, she had dreamed of a brand-new vehicle, but she's had to overhaul her new-car dreams because of new-car sticker shock. So today she's shopping for a reliable used car.

Mary's in good company. Americans spend more then $100 billion on some 18 million used cars each year, reports Jack Gillis, author of *The Car Book* and *The Used Car Book*. And with good reason: On average, a used vehicle sells for $8,000 less than a typical new car.

The trick to driving a used-car bargain is to choose the right car. Some cars simply last longer than others and make better used cars. Others have received plenty of loving care from their first owners and can stand up to many more thousands of miles.

Obviously the best used car is one that, first, is known for its workmanship and, second, has been well maintained. At least two of the top-rated consumer publications (such as Consumer Reports) issue "used-car buying guides" in the spring of each year. These guides will tell you not only which older cars are consistently holding their value but also what you can expect to pay. It's a good idea to peruse these guidelines and narrow your choices to a few of the listed models.

Finding a car that's been well maintained is not as clear cut. Some conscientious car owners have kept detailed records of routine maintenance. But to verify those records, or if maintenance records aren't available, you'll still want to do some checking yourself. Here are a few things to look for:

Before you get in the car. Check the car's body for rust, particularly around the fenders, on rocker panels, in door frames and below doors. Look for evidence of collision damage, such as uneven gaps between body panels, uneven body side molding, or bumps or waves in the metal.

Check the tires for wear; uneven wear may signal an alignment problem. For the same reason, be cautious of a car with all new tires, and examine the spare tire instead.

To test the suspension, push down on each corner of the car. More than one bounce may mean worn shock absorbers. Then look at the car to see if it is level. One corner lower than the other may indicate a broken or worn spring.

Inside the car. Look carefully at the odometer. Because low mileage can add considerably to the resale value of a car, unscrupulous sellers sometimes tamper with the odometer—regardless of federal law prohibition. How can you tell if the odometer has been changed? Telltale signs are numbers that are slightly misaligned or fingerprints around the odometer.

If the wear you've noticed on the tires or the body of the car doesn't appear consistent with the odometer reading, be suspicious. Look inside the door frame or under the hood—you might find an oil and lubrication sticker which tells you the actual miles the car has been driven. If you don't see any stickers, be suspicious.

Other indicators of heavy use can

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be found on the upholstery, carpet, arm rests and seats. Also, look for worn areas and metal showing through rubber on the accelerator, brake or clutch pedals.

Under the hood. Check cables, belts and clamps to see whether they are in good condition and fit snugly. Make sure hoses are not soft or discolored.

Examine the oil, antifreeze and automatic transmission fluids. Dirty fluids indicate poor maintenance and can lead to engine trouble.

The test drive. Make sure your test drive realistically reflects your driving habits. Drive along city streets, highways or expressways and country roads. Take as much time as you need to familiarize yourself with the car and to give it an adequate test.

Test every accessory and electrical component one at a time. Watch the alternator indicator to see if the battery is charging properly. Look for any oil pressure or temperature warnings; if these come on, chances are the car is overheating or there is a leak in the radiator or an oil leak.

To check the power steering, turn the steering wheel while the car is standing still. You shouldn't hear anything other than the crunch of the tires.

As you drive, listen for rattles, squeals and squeaks. Pay attention to any undue bouncing or pulling to the right or the left. Be conscious of the engine's idling speed. Check the response of the gas pedal, the brakes, the clutch (if the car has one) and the gear shift.

A professional evaluation. As critical as you might be about the used car, the smartest thing you can do is take the car to a mechanic you trust for a thorough inspection. The mechanic's fee will be money well spent and will save you time, money and aggravation later if you decide to buy the car.

One final check. As an additional safeguard, call the National Highway Traffic Safety Administration Hotline at 1-800-424-9393 and ask whether that make and model has ever been recalled. If it has, make sure all recall repairs have been made.

If you buy a used car from a dealer, look for and read the "buyer's guide" which must be displayed in the window of all used cars sold by dealers. The buyer's guide explains who must pay for repairs after purchase. It will tell you whether there is a warranty on the car, what the warranty covers and whether a service contract is available. Be sure you get a copy of the buyer's guide when you purchase the car from a dealer.

Regardless of whom you buy from, get a mileage disclosure statement, a bill of sale, the proper title and registration and copies of all financial transactions.

IEF News

The Insurance Education Foundation has experienced another successful summer of high school teacher workshops. We're happy to announce that an additional 168 teachers from throughout the U.S. have completed this specialized course, bringing the total number of "graduates" to 1109 from 49 states and Puerto Rico. As one teacher summed up his experience, "Excellent information and valuable interaction with other teachers. This workshop was much more than I expected, and the information provided will be invaluable to me in the classroom." Teachers often ask about a "refresher" course, more teaching materials and other programs to help them with the topic of insurance in the classroom. SO.....this fall the foundation will launch the pilot of a new program centered around the direct involvement of students. It's called

The RISK Challenge

It's a contest, yes. But not your ordinary competition that involves students writing essays. Nope! We don't permit essays. Instead, we encourage teenagers to do something they seldom have an opportunity to do—be CREATIVE!

We're asking students to submit an entry that demonstrates something they have learned about insurance. They have their choice of media—video, poster, brochure or infomercial. Teenagers will be creating teaching aids (don't tell them), that might be used to help others learn more about insurance. Contest participants decide whether they want to create a group or an individual entry (and keep all the prize money); they select their target audience, their topic, their medium—and go to it!

We're excited about this new outreach to students. During the 1996-97 school year, ***The RISK Challenge*** will be the pilot of the program that we hope to expand in years to come. ***Eligibility this year extends to students who learn about insurance from a teacher who attended one of IEF's High School Teachers Insurance Education Work-***

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shops during the summer of 1996. That's 168 of you. The pilot program participants are going to work out the "bugs" for future contests.

The competition was the brainchild of an advisory arm of IEF, the National Advisory Council of Secondary Teachers (NACST)—a group of 27 high school teachers from 21 states and Canada. NACST members have taken advantage of insurance education programs sponsored by the Insurance Education Foundation since 1988. Council members will serve as judges for the competition.

NACST member and contest chairman Glen March explains, "Students who will be faced with financial decisions in the near future as adult consumers must have sufficient knowledge about how to deal with the insurance industry." The business educator at Conifer High School in Conifer, Colorado, further states, "It is our responsibility as educators to provide students with a good background in this area. IEF provides what we need to get the job done."

By the time you receive the next issue of *The Insurance Educator* in January, the contest will be drawing to a close, and we'll let you know more details. Stay tuned!

Special Feature

Auto Safety: It's Not Child's Play

Paul Schattenberg, Corporate Communications
USAA, San Antonio, Texas

Children are our most precious natural resource. Of course, the first priority of any responsible parent is to protect this resource. This is particularly true when the child is traveling inside a vehicle.

Over the years, both passive and active auto safety devices have proven their worth in hundreds of thousands of traffic crashes. According to the National Highway Traffic Safety Administration (NHTSA), use of child safety seats (an "active" safety device) reduces fatal injuries by 69 percent for infants and 47 percent for toddlers. National auto safety research organizations place the overall number of lives saved by air bags (a "passive" device) at somewhere between 900 and 1,500.

But unless they are used properly, some safety devices—either individually or in combination—might pose a serious risk, especially to children. Recently, there have been reports of children being badly injured or even killed by the devices designed to protect them.

"Parents must become knowledgeable of the potential hazards of safety restraints and do everything they can to mitigate the possibility of safety devices accidentally harming their children," says Gloria Craven, assistant vice president of National Programs for USAA, the nation's fifth largest private passenger auto insurer. "Some positive guidance on how to further ensure children's safety is already available from national research organizations like NHTSA and the Insurance Institute for Highway Safety (IIHS). As more research is done and as auto safety device technology and design change, even more information will be forthcoming."

The current theory is that during the side impact, children may be shifted into an irregular position in the front seat. When the air bag deploys, it hits them while in this position, causing serious neck, head or brain injuries and possibly death.

What should be one of the greatest areas of concern to parents is the potential hazard to their children due to the deployment of air bags. Few would argue that air bags are one of the greatest auto safety inventions since the advent of the automobile. However, some air bag deployments have caused serious injuries and even some deaths, depending on the circumstances under which they have deployed. According to the IIHS, this occurs most frequently when someone gets in the path of the air bag early in its inflation. With children, this usually occurs with infants in rear-facing restraints and unbelted children in the front seats of vehicles with passenger-side air bags.

A recent survey showed that 52 percent of drivers are unaware of the hazards of placing a rear-facing child safety seat in the front seat of a vehicle with the passenger-side air bag. The National Transportation Safety Board issued a warning: "Any child who rides unrestrained or incorrectly restrained in the front seat of a vehicle with a passenger-side air bag is at risk for

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serious injury or death if the air bag deploys."

Under investigation is what happens to an unrestrained child in the front seat of a vehicle with a passenger-side air bag during the side crash. The current theory is that during the side impact, children may be shifted into an irregular position in the front seat. When the air bag deploys, it hits them while in this position, causing serious neck, head or brain injuries and possibly death.

Here are suggestions by auto research, safety and information organizations on how to reduce—and possibly eliminate—the potential for injury to children and adults from improper use of passive and active safety devices:

- Place children in the back seat and use the appropriate restraint for the youngster's size
- If possible, avoid traveling alone with babies or small children requiring constant attention
- Do not lean or sit unnecessarily close to the air bag
- Keep all items out of the path between the air bag and the person behind it.

As for the drivers of air bag-equipped vehicles, the American Automobile Association has modified the time-honored tradition of placing the hands at the 10 and 2 o'clock position on the steering wheel in favor of the 3 and 9 o'clock position. The AAA recommendation comes as a result of the addition of driver-side air bags as standard equipment on new cars. Changing the position of the hands helps reduce the possibility of drivers' hands being flung back into the face at high speeds when an air bag deploys.

For general driver or passenger safety in riding in a motor vehicle, what is good for children is good for adults. Properly used restraints keep people in the occupant compartment in crashes and help minimize injuries from the force of impact. An air bag-and-seat belt—or applicable child safety restraint—combination is the most effective means of occupant protection.

As long as there are mothers and fathers who sit children in their laps while riding in vehicles, as long as children use their Houdini-like skills to escape the bonds of safety restraints, and as long as adults ignore the need to wear their seat belts, there will be auto safety problems. But with more information available on the potential dangers of safety restraints and what to do to protect ourselves and our children, the chances are better that more serious injuries or deaths can be avoided. Adults must be made aware of the potential hazards of safety devices so they may better protect themselves and the next generation of drivers who will be traveling the highways and byways of this country.

Insurance Careers

A Success Tale in Two Cities

Reprinted from the Jan./Feb. 1996 issue of **Today's Insurance Woman** with permission of the National Association of Insurance Women

Teachers may want to copy and distribute this article to students and share it with the school library or careers resource center. Insurance terminology found in this article is listed below.

Jennifer Day may not walk on water for her job, but she flies over it regularly, covering two sales territories literally thousands of miles apart. Day is assistant vice president and **business development officer** in the San Francisco office of Imperial Premium Finance, a rapid-growth 24-year-old company with some 16 sales offices in four regions. Day covers both the northern California and Hawaii territories, presenting the company's financing programs to agents and **brokers**. Because she has been in the industry some 27 years, most of it in premium finance, Day describes her **book of business** as large. "Some of my relationships go back 25 years," she explained.

Premium finance is proof of the complex nature of the insurance industry. Basically, it involves providing short-term financing programs, with yearly renewals, on premiums ranging from $500 to multi-millions. There is significant involvement in the excess and surplus lines of business, since many of those premiums are financed.

Broadly described, Day's primary job responsibility is **networking**. In a typical day that may mean meeting with existing or potential clients to discuss Imperial's programs and services, or to troubleshoot for problems. She also regularly calls on company marketing professionals to enhance her working knowledge of what markets are in place (what products and services are being sold by a company). She considers interfacing with Imperial employees, including **loan processors**, **CSRs** and

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collection staff, equally important. "If I sell services to a new agent, it's imperative that I come back to the office to make sure the program is workable for Imperial Premium, so internal communications are very important," she said.

When possible, Day is away from the office on calls. Due to geographic and other considerations, she also "lives by phone and fax." When in the San Francisco office, she schedules a number of appointments in one area of the city at a time, to make her work time as efficient as possible. She usually makes at least four trips a year to Hawaii, where she operates on a very strict schedule. "I always make appointments; I rarely just drop in on someone, she explained. "But I have to start early to squeeze everyone in. When I'm in Hawaii, I usually start with breakfast meetings and go right through with dinner meetings." she said.

Day is particularly proud of her business success in Hawaii. She accepted the territory nine years ago, when Imperial Premium went nationwide. At that point, the company had no business in the state. Now it's the largest premium finance company there. Part of the reason has been Hawaii's **volatile insurance market**. After the destruction wrought by Hurricane Iniki, for example, Day said many **standard markets** left the state. And rates went through the roof. "Despite the terrible situation, it was a silver lining in a very black cloud for us," Day added.

Another reason has been her **NAIW** affiliation. When she first came to the state, Day said Honolulu members were "wonderful. They introduced me to everyone and opened many doors for me. I attribute a lot of my success to my friends there."

If the Hawaii market has been one of her best success stories, Day said her greatest professional challenge remains competition, even though she's well established in the business. "It's always a factor, and many of my counterparts are very good. My clients get visited by the competition. And as for new business, my top 20 **prospect list** is probably the same as everyone else's. So I need to stay on top of things continually, keeping the lines of communication open between myself and clients, and making sure our programs are solid and in the best interests of both the client and Imperial," Day explained.

Day does believe she has an "absolute advantage" over many competitors because she's spent most of her career in various areas of premium finance. So there aren't many questions she can't answer, in some way, on the spot.

To make sure she stays on the information edge, Day attends a variety of classes, seminars and conventions. She also "absolutely" makes time on and off the job to read **trade and business journals**, and closely follows financial and banking news.

"Keeping up with insurance and business developments allows me to talk intelligently and to sympathize with clients and other insurance professionals," Day said. "It also helps me to look for new opportunities."

Insurance Terms Found in this Article

Book of business—the number, size and type of accounts (policyholders) that an agent "owns."

Broker—an insurance agent for the insurance applicant (buyer). Brokers find appropriate insurance companies that are willing and able to handle the risk of their client, frequently a very large organization or event (such as the Olympics, spacecraft, rock concerts, airlines, etc.).

Business development officer—an employee who finds new opportunities to sell the company's services or products by understanding what companies or individuals need and working with potential customers to fill their needs.

Collection staff—a group of employees who work with customers who need assistance in making premium payments.

CSR—Customer Service Representatives support the work of insurance agents with a variety of tasks that must be done within a company or agency to deliver services to and handle requests from clients.

Loan Processors—employees who handle procedures involved in making loans to clients.

NAIW—National Association of Insurance Women, a professional organization dedicated to insurance education, industry loyalty, and fellowship among members. National headquarters are in Tulsa, Oklahoma.

Networking—an exchange of information between people who often refer new contacts or potential clients to each other; a mutually beneficial two-way communication.

Premium finance—allows the insured (policyholder) to pay part of the premium when coverage takes effect and pay the rest during the policy period.

Prospect list—names of companies or individuals who might purchase a company's services; these are potential new clients.

Standard markets—in this instance, standard markets are companies that sell homeowners policies or flood insurance.

Trade journals—magazines published by professional organizations (trade associations) to which insurance professionals (or any industry or profession) belong. Trade journals contain news about what is happening in one's profession, what competing companies are doing, what new products are being developed, etc.

Volatile insurance market—occurs when certain conditions (insurance company experiences excessive losses such as tornadoes, earthquakes or hurricanes) cause insurers to decide what actions they must take (raise premiums, offer fewer policies, etc.) to be able to continue offering policies to consumers.

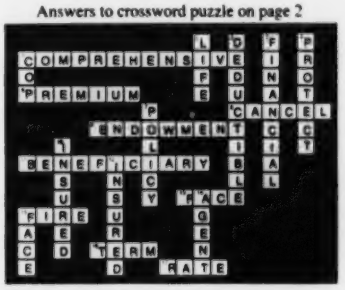
Classroom Resources

Don't Let Up! (video) explains what Anti-Lock Braking Systems are, when to use them, etc. Produced for high school audiences by AAA and General Motors, this free video is available by writing to: AAA Foundation for Traffic Safety, 1440 New York Avenue, NW, Suite 201, Washington, DC 20005.

Actuaries Make A Difference (booklet). Actuaries give advice to students and explain what they do and what they enjoy about their jobs. Published in 1994 by the Society of Actuaries and The Casualty Actuarial Society. Free copies are available. Contact Pat Garrity, Society of Actuaries, 475 North Martingale Road, Suite 800, Schaumburg, IL 60173 or call 708-706-3500.

What You Should Know About Buying Life Insurance (23-page booklet). Explains life insurance policies and their pros and cons, the right questions to ask, tips, etc. Free copies available. Request on a post card to the American Council of Life Insurance, Attention: Member Services, 1001 Pennsylvania Avenue, NW, Washington, DC 20004-2599.

Answers to crossword puzzle on page 2



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